IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

APPEAL FROM ORDER No. 337 of 2006
With
CIVIL APPLICATION No. 13728 of 2006
In
APPEAL FROM ORDER No. 337 of 2006

For Approval and Signature:

HONOURABLE MR.JUSTICE P.B.MAJMUDAR

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1 Whether Reporters of Local Papers may be allowed to see the judgment ?

2 To be referred to the Reporter or not ?

3 Whether their Lordships wish to see the fair copy of the judgment ?

4 Whether this case involves a substantial question of law as to the interpretation of the constitution of India, 1950 or any order made thereunder ?

5 Whether it is to be circulated to the civil judge ?

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R.N.BHAGAT AND OTHERS
Versus
M/S BHAGAT MARKETING CORP. AND ANOTHER

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Appearance :
MR VB PATEL, Senior Counsel assisted by MR RR SHAH & MR JITENDRA SADHWANI for Appellants.
MR DEVANG NANAVATI for NANAVATI & NANAVATI for Respondents.

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CORAM : HONOURABLE MR.JUSTICE P.B.MAJMUDAR

Date : 05/02/2007

CAV JUDGMENT

1) By filing this appeal under Order 43 of the Civil Procedure Code,

the appellants, who are the original defendants of Civil Suit No.2063/2006, which is filed before the City Civil Court, Ahmedabad have challenged the order passed by learned trial Judge below interim injunction application, by which learned trial Judge has allowed interim injunction application submitted by the original plaintiffs and granted injunction as prayed for.

2) Facts leading to the controversy are as under :

3) Respondents herein are the original plaintiffs of the aforesaid suit, which is filed for declaration and permanent injunction. By filing aforesaid suit, the plaintiffs have prayed that it may be declared that the defendants, their servants, agents, dealers and distributors have no right directly or indirectly to adopt the trade mark 536230 and 668188 and/or use the trade name “BHAGAT” or “R.N.Bhagat” or “N.S.Bhagat” or any other mark, name, logo, trading style, corporate name similar or deceptively similar to the word “BHAGAT”. Permanent injunction is also sought for in the suit to the effect that the defendants may be restrained from adopting or using in relation to its business, service, goods, products including all types of “Dhana ni Dal” and allied products falling under Class 30 of the Trademarks Act, 1999, Trademark no.536230 and 668188 and/or any deceptively similar marks/name/word, which would pass off or enable others to pass off the defendants' goods as that of plaintiff no.1 firm. It is also prayed that the defendants may be directed to hand over the infringed material to the plaintiffs. The plaintiffs also prayed for a decree of Rs.50 Lacs with interest as damages.

4) The case of the plaintiffs in nutshell is as under :

5) Plaintiff no.1 is a registered partnership firm of which plaintiff

no.2 is a partner. Said firm is engaged in business of manufacturing, marketing and selling pouched "Dhana ni Dal" and other mouth refreshing products in India. Defendant no.3 purports to be a sole proprietary concern of which defendants no.2 and 4 are the sole proprietors. As per the averments made in paragraph 2 of the plaint, the aforesaid firm has recently started business of manufacturing and selling "Dhana ni Dal" in pouches. The predecessor of plaintiff no.2, i.e., grandfather of plaintiff no.2, one Somabhai Ishwarbhai Patel had started said business in the year 1940 in Gujarat. Late Somabhai Bhagat had four sons, namely, Natwarlal S. Bhagat, Premanand S. Bhagat, Navin S. Bhagat and Dahyabhai S. Bhagat. Somewhere in the year 1963, Shri Navinbhai Bhagat, whose son is defendant no.2, had retired from the family business.

6) In the year 1990, three brothers, other than Navinbhai S. Bhagat along with their sons established plaintiff no.1 firm in which "Dhana ni Dal" was packed in sachet pouches and sold in commonly well known trademark, trade name "BHAGAT". The partners of plaintiff no.1 firm applied for registration of trade mark 536230 and 668188 in Class 30 on 31st August, 1990 and 5th June, 1995 respectively and said trademarks are applied to the goods being sold by plaintiff no.1 firm. The plaintiffs have also applied for other trade marks as associated marks. In paragraph 5 of the plaint, the plaintiffs have given a chart regarding total sales of various products of plaintiff no.1 from 1991-1992 onwards. It is averred in the plaint that the name/word "BHAGAT" and the trade marks have acquired distinctiveness in relation to the products of plaintiff no.1. It is also averred in the plaint that over the years, the plaintiffs have attained tremendous goodwill and reputation in relation to the products manufactured by them. It is also the case of the plaintiffs that the products of plaintiff no.1 are considered to be of the highest

quality which has led to progressive growth in the business of plaintiff no.1. In paragraph 6 of the plaint, the plaintiffs have produced a chart of advertisement expenditure incurred by the plaintiffs since 1991-1992. It is averred in paragraph 7 of the plaint, that recently on 16th October, 2006 the plaintiffs were informed by one of the distributor that the defendants have recently started manufacturing sachet product of "Dhana ni Dal" adopting similar trade marks, label of plaintiff no.1. As per the case of the plaintiffs in paragraph 8 of the plaint, the sachets of "Dhana ni Dal" manufactured by the defendants are identical in get up, colour scheme and design in comparison to the sachets of plaintiff no.1, which is a registered trade mark no.536230. It is further averred in paragraph 8 of the plaint that the defendants have deliberately adopted the registered trademark of the plaintiffs and have, therefore, infringed the plaintiffs' trademark. The defendants have also adopted the trade name and trading style "BHAGAT" of the plaintiffs and are applying the word "BHAGAT" on the products manufactured by them. The adoption of name "BHAGAT" by the defendants, which forms an essential feature of the plaintiffs trademarks and trading style tantamount to an act of infringement and passing off by the defendants under the provisions of the Trade Marks Act, 1999. It is also the case of the plaintiffs that defendants have also adopted identical outer packing in which the pouches are sold across the counter to customers, retailers and distributors. Outer packing of plaintiff no.1 is also a registered trade mark no.668188. It is further averred in paragraph 8 of the plaint that the defendants have committed infringement of plaintiffs' trademark no.668188 by adopting identical outer packing as that of plaintiff no.1. The defendants are also infringing trade marks, trading style by adopting M/s.R.N.Bhagat as trade name of its business. The adoption of trade name "BHAGAT" is an act of infringement under the provisions of Trademarks Act. It is also averred in paragraph 8 of the plaint that

adoption of trade name by defendants is with intention to pass off their goods as that of plaintiffs and to trade upon the goodwill and reputation of the plaintiffs.

7) In paragraph 9 of the plaint, it is averred that the adoption of trade name and trading style and trademarks of plaintiff no.1 by the defendants is with mala fide and dishonest intention for the reason that the father of defendant no.2 had since long retired from family business and, therefore, he and his sons have relinquished their rights in family business.

8) In paragraph 10 of the plaint, it is averred that recently the plaintiffs came to know that the defendant has applied for registration of similar/deceptively similar trade mark for its sachet pouches. Said trade mark has been registered bearing number 1337837. It is further averred in said paragraph that the plaintiffs, after having came to know about such registration, they preferred rectification application against the said trade mark no.1337837 and the said application is pending before the Registrar of Trade Marks. The alleged user claimed by the defendants in their trade mark is since 1st April, 1994. As per the registration of the trademark of the plaintiffs, i.e., number 536230, mark was used by the plaintiffs from 31-8-1990. Therefore, even as per the alleged claim of the defendants, they have subsequently used the trade mark in 1994 whereas the plaintiffs are using the trade mark since 1990. It is also the case of the plaintiffs that the plaintiffs are prior users. On these and such other grounds, aforesaid suit is filed.

9) According to the plaintiffs, cause of action arose when the defendants infringed the trademarks of the plaintiffs and when the plaintiffs came to know from their distributors on 16th October 2006 that

defendants have launched their products adopting infringing trademarks as that of the plaintiffs.

10) In paragraph 12 of the plaint, it is averred that the defendants are using identical packing, colour scheme, get up and design and name “BHAGAT” with a sole intention to pass off their goods as that of the plaintiffs.

11) In the aforesaid suit, the plaintiffs gave an application for interim injunction with a prayer to restrain the defendants from adopting trademarks of plaintiff no.1 or using it in relation to any of its business/services/goods/product including all types of products falling under Class 30 of Trade Marks Act, 1999 or name “BHAGAT”, “R.N.BHAGAT” or “N.S.BHAGAT” or any other deceptively similar name containing word “BHAGAT”. It is also prayed in the interim injunction application that during the pendency of the suit the defendants may be restrained by way of temporary injunction from adopting, using, in relation to any of its business, service, goods, products including all types of “Dhana ni Dal” and allied products falling under the Trade Marks Act, trade mark no.536230 and 668188 and/or deceptively similar marks, names, words, which would pass off or enable others to pass off the defendants' goods or products and/or business and/or services as that of goods, products, business or services of plaintiff no.1 firm. The plaintiffs also prayed that the defendants may be directed to hand over the infringed material to the plaintiffs.

12) The aforesaid suit is resisted by the defendants by filing reply to injunction application and written statement to the suit, which is at Exh.19 in the compilation. According to the defendants, defendant no.1's father Navinchandra Somabhai Bhagat started the business of grinding

and marketing “Dhana ni Dal” under the brand name “SUPREME BHAGAT” since 1976 in a plastic pack in the quantity of 250 grams and 500 grams under the said brand name. Thereafter, the small duly printed pouch packing containing two grams “Dhana ni Dal” is being honestly and bona fidely used since 1993 with the brand name “Supreme Bhagat” with distinctive colour scheme, get up and trading style by defendant no.1's predecessors, namely, Navinchandra Somabhai Bhagat and, thereafter, defendant no.1 became the sole proprietor of the said firm of his father in the year 2000. It is also their contention that brand “Supreme Bhagat” is continuously used since 1976 and that the word “BHAGAT” is continuously, honestly and bona fidely used since 1976 in open market within the knowledge of the plaintiffs.

13) As per the averments made in paragraph 3 of the written statement, defendant no.1's father and predecessor-in-title of the trade mark visited the office of advocate of the plaintiffs, Mr.Y.J.Trivedi & Co., for applying for registration of said trademark “Supreme Bhagat” label in the year 1994 and Mr.Y.J.Trivedi advised him not to use the said label proposed to be applied for registration and he initiated the settlement talks in the year 1994. It is also the case of the defendants that they were asked to meet Premanand, Dahyabhai and Natvarbhai partners of the plaintiff no.1 firm and accordingly, defendant no.1's father and predecessor-in-title of the trade mark met them and discussed with them. It was suggested by partners of plaintiff no.1 firm that defendant no.1's father and predecessor-in-title should confine to use “BHAGAT” label for the State of Uttar Pradesh, Bihar and Rajasthan, which was not accepted by defendant no.1's father and hence said predecessor-in-title, Mr.Navinchandra Bhagat wrote a letter on 29-4-1994 to advocate Shri Y.J.Trivedi apprising him about said facts. Settlement failed in April 1994 and thus the defendants' use of said label is within the knowledge

of the plaintiffs and that fact is suppressed by the plaintiffs in the suit. It is also averred by the defendants in their reply that the defendants have built up tremendous reputation in trade before public, consumers and that the defendants have spent lacs of rupees in factory and advertisement, publicity of the suit trade mark/ label. The sales of the said products have increased year by year and that the suit product has acquired its popularity and that the plaintiffs are knowing these developments of the defendants' business activity since last more than 13 years. It also averred that the plaintiffs are guilty of acquiescence and they are not entitled to injunction. It is also the case of the defendants that the plaintiffs and the defendants are family members and the predecessor-in-title of the trade mark, Mr.Navinchandra Bhagat, started his business of “Dhana ni Dal” with a brand name and trade mark of “Bhagat Supreme” since 1976. It is also the case of the defendants that when the defendant was trying to sell the suit product by forming a new firm M/s. V.R.Bhagat and when the plaintiffs came to know about said development of the defendants, the plaintiffs' advocate Jatin Y. Trivedi wrote a letter dated 11th March, 2006 to the plaintiffs advising the plaintiffs to take legal action against the defendants, which fact has been suppressed by the plaintiffs.

14) In paragraph 5 of the written statement, it is averred that the defendants have published a public notice in the newspaper, namely, Divya Bhaskar in its Ahmedabad edition dated 1-4-2005 informing the trade and public that henceforth the defendants will market themselves directly the said product 'Supreme Bhagat Dhana Dal', instead of any agent under the name M/s.V.R.Bhagat. In paragraph 9 of the written statement, it is averred that defendants are using the suit label, trade mark since 1993 within the knowledge of the plaintiffs and suit is filed after a long period and the plaintiffs have obtained ex-parte injunction at

the time of Diwali festival, which has affected the business of defendants and their reputation. It is also the case of the defendants that the defendants are registered proprietors of the suit label trade mark pouch under the Trade Marks Act, 1999 and, therefore, no infringement action would lie against the registered proprietors. On this and such other grounds, the suit of the plaintiffs is resisted by the defendants.

15) At the time of issuing urgent notice to the defendants, learned trial Judge granted ad-interim injunction in terms of paragraph 18 (A) and 18(B) of the injunction application. After hearing both the sides and after considering prima facie evidence on record, learned trial Judge allowed injunction application and ultimately, granted interim injunction as prayed for in paragraphs 18 (A) and (B). Learned trial Judge also granted prayer 18 (C), which is in connection with direction to the defendants to hand over all the infringing material to the plaintiffs. At the time, when the trial Court had granted ex-parte ad-interim injunction, present appellants preferred an Appeal from Order before this Court wherein this Court had directed the trial Court to decide notice of motion within the prescribed time limit and, thereafter, after hearing both the sides, learned trial Judge passed aforesaid order, which is impugned at the instance of the original defendants in the present Appeal from Order.

16) While passing the impugned order, learned trial Judge stayed the said order till 30th November, 2006 with a condition that defendants shall act in compliance of their undertaking given in Appeal from Order No.310/2006. So far as said Appeal from Order is concerned, that was preferred by the appellants herein against an ex-parte order, wherein this Court had asked the trial Court to decide notice of motion within the prescribed time limit and the defendants gave an undertaking that in the

meanwhile they will not manufacture or market the product in question. Now the question which requires consideration is whether the order passed by the trial Court suffers from any infirmity and whether the trial Court has committed an error of law in passing the impugned order.

17) Learned advocates for the appellants as well as the respondents have addressed the Court at great length and voluminous documents, which were placed before the trial Court are also placed before this Court. Both the learned advocates have relied upon numerous judgments in connection with infringement of trade mark as well as passing off.

18) Mr.V.B.Patel, learned Senior Counsel appearing with learned advocates Mr.R.R.Shah and Mr.Jitendra Sadhwani submitted that the order of the trial Court is contrary to law and contrary to the provisions of Trade Marks Act, 1999. It is also argued by Mr.Patel that “Dhana Dal” is a natural product and it is not a manufactured article of novelty. Mr.Patel also submitted that the suit trade mark is used by the defendants since 1994 and it is not identical or deceptively similar trade mark, as stated in the certificate issued by the registering authority. Mr.Patel submitted that the defendants are in market since many years and, therefore, by applying principle of acquiescence, no injunction can be granted restraining them from continuing their business. Mr.Patel has pressed reliance on Exh.4/1 to 4/3. Mr.Patel submitted that the averment made in the plaint that, plaintiffs came to know about business activities of the defendants very recently, is not correct, as there is documentary evidence to show that the defendants were in business since long. Mr.Patel further submitted that the plaintiffs are estopped from asking any relief, as the defendants are doing their business since long and it is within the knowledge of the plaintiffs. Mr.Patel also submitted that before registering trade mark of the defendants, an

inquiry was held by the Registrar and after appropriate inquiry the trade mark is registered and, therefore, no injunction can be granted against the registered trade mark owner. Mr.Patel also submitted that since years, the defendants are doing the business in the name of "Supreme Bhagat Dhana Dal". He submitted that there is no evidence either regarding infringement or regarding passing off. In order to substantiate his say, Mr.Patel has relied on certain documentary evidence as well as case laws on the subject. It is submitted by him that trial Court has given contradictory findings and even on the ground of acquiescence no injunction should have been granted, as within the knowledge of the plaintiffs, the defendants are doing their business since long. Mr.Patel submitted that when the authority under the Trade Mark Act has granted registration, weightage should be given to such registration. He submitted that his client is user of said mark since 1976 and it is not correct to say that only recently they have come in the market and it is a case of long user. Mr.Patel also submitted that trial Court should not have granted ad-interim injunction, which resulted into closure of the defendants business. Mr.Patel has also relied upon provisions of Sections 23, 28, 29, 33 and 34 of the Trade Marks Act, 1999. It is submitted by him that there is no prima facie case in favour of the plaintiffs and, therefore, the appeal is required to be allowed and injunction order granted by the trial Court is required to be vacated. Mr.Patel further submitted that Section 29 read with Section 30 and 34 put the infringement out of orbit of Section 28. It is submitted by him that Section 33 and 34 debars the plaintiffs to oppose the use of subsequent trade mark, as the defendants are using trade mark for a continuous period of five years.

19) It is submitted by Mr.Patel that there is no evidence or material to prove passing off. It is submitted that the suit for infringement of trade

mark is not maintainable and suit for passing off is also not maintainable and no interim relief could have been granted to the plaintiffs. It is also submitted by him that trade marks even superficially show marked distinction by device of circles and triangles and the name of the appellants and the photographs. It is also argued by him that learned trial Judge has granted injunction beyond the prayers in the suit.

20) Learned advocate Mr.V.B.Patel has relied upon various judgments in order to substantiate his say regarding acquiescence as well as maintainability of the suit of the plaintiffs on merits.

21) Learned advocate for the appellants has placed reliance on the decision of the Supreme Court in **M/s Power Control Appliances and Others Vs. Sumeet Machines Pvt. Ltd.**, reported in **(1994) 2 SCC 448**. In the aforesaid case, the Supreme Court has held that acquiescence is one of the defences available under Section 30 (1) (b) of the 1958 Act. In the aforesaid case, one Mrs.Madhuri Mathur was the sole proprietrix of M/s Power Control Appliances Company. As per the facts narrated in paragraph 5 of the judgment, she started manufacturing power operated kitchen mixies since 1963 under the brand name “Sumeet”. The first defendant of that case was incorporated in 1984 and it was manufacturing and selling mainly washing machines and vacuum cleaners from September/October 1991. While considering the question of acquiescence it has been held by Supreme Court in paragraphs 29 and 38 to 42 as under :

> “29. This is the legal position. Again in Halsbury's laws of England, Fourth Edn., Vol.24 at paragraph 943 it is stated thus:
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> “943. Acquiescence. - An injunction may be refused on the

ground of the plaintiff's acquiescence in the defendant's infringement of his right. The principles on which the court will refuse interlocutory or final relief on this ground are the same, but a stronger case is required to support a refusal to grant final relief at the hearing. [Patching v. Dubbins; Child v. Douglas; Johnson v. Wyatt; Turner v. Mirfield; Hogg v. Scott; Price v. Bala and Festinog Rly. Co.] The reason is that at the hearing of the cause it is the court's duty to decide upon the rights of the parties, and the dismissal of the action on the ground of acquiescence amounts to a decision that a right which once existed is absolutely and for ever lost: Johnson v. Whyatt at 25; and see Gordon v. Cheltenham and Great Western Union Rly. Co. per Lord Langdale MR."

38. So, as such there is no evidence of manufacture. As rightly contended by Mr. Chidambaram, learned counsel, marketing may not advance the case of the first defendant-respondent. We do not think, as is urged by Mr Soli J. Sorabjee, learned counsel, either the criminal complaint or the averment in the plaint would amount to implied consent, more so, when no oral evidence has been let in, the parties having chosen to proceed on affidavit and counter-affidavit.

39. In 1984 the first defendant-company came to be incorporated. This was for the purpose of diversifying the industrial activity of the family group for manufacturing other technical appliances like washing machines, vacuum cleaners etc. But there is nothing on record to show that the first defendant was manufacturing earlier than the alleged violation of trade mark, copyright and design, as stated in the plaint.

40. We find considerable difficulty in appreciating the conclusion of the Division Bench which had failed to note that the proprietor of the trade mark is Sumeet Research and Holdings Ltd. Again, the complaint of infringement of trade mark is not against Ajay Mathur but against Sumeet Machines Private Limited and M/s Sekar and Sagar.

41. It is a settled principle of law relating to trade mark that there can be only one mark, one source and one proprietor. It cannot have two origins. Where, therefore, the first defendant-respondent has proclaimed himself as a rival of the plaintiffs and as joint owner it is impermissible in law. Even then, the joint proprietors must use the trade mark jointly for the benefit of all. It cannot be used in rivalry and in competition with each other.

42. The plea of quasi-partnership was never urged in the pleading. As regards copyright there is no plea of assignment. The High Court had failed to note the plea of honest and concurrent user as stated in Section 12 (3) of 1958 Act for securing the concurrent registration is not a valid defence for the infringement of copyright. For all these reasons we are unable to support the judgments of the High Court under appeal. We reiterate that on the material on record as is available at present the denial of injunction, once the infringement of trade mark, copyright and design is established, cannot be supported. Pending suit, there will be an injunction in favour of the appellants (the plaintiffs). All the civil appeals will stand allowed. No cost."

22) Reliance is also placed on the decision of **A.Venkatasubbaiah**

Naidu Vs. S.Chelappan and others reported in **(2000) 7 SCC 695**. However, so far as said judgment is concerned, it is in connection ex-parte ad-interim injunction and it is held that the party in whose favour ex-parte injunction order is passed is bound to carry out the duties stipulated in proviso to Rule 3 of Civil Procedure Code.

23) Mr.Patel has relied upon the decision of the Supreme Court in **Dhariwal Industries Limited Vs. M.S.S.Food Products Limited** reported in **(2005) 1 CTMR 211 (SC)**. In the said case, the Supreme Court has considered the question about prior user and, ultimately, confirmed the order of injunction granted by the trial Court. In the said case, it has been held as under in paragraphs 9 and 12 :

> "9. The principles governing the grant of interim injunction are well settled and do not require to be repeated. The interim injunction has been granted in favour of the plaintiff in this case mainly on the finding that there was prior user of the mark 'Malikchand', if not by the plaintiff, by his assignors and the use of the mark 'Manikchand' by the defendants in respect of Pan Masala and Gutakha and Supari commenced only at a later point of time. This prima facie finding of prior user was arrived at by the trial court relying on the deeds of assignments produced by the plaintiff and some documents and affidavits produced in support of its claim. Some inconsistencies in the claim of the defendants were also referred to. The High Court, in appeal, appreciated that the main contention on behalf of the defendants regarding prior user claimed by the plaintiff was based on a challenge to the assignments relied on by the plaintiff and the documents filed in support. The High Court noticed that the plea was that the entire series of documents were forged or manufactured for the purpose

of litigation and hence were not reliable. The High Court felt that a wholesale condemnation of the documents produced by the plaintiff as forged or got up, could not be made at this interlocutory stage and this question seriously raised on behalf of the defendants has to be decided only at the trial. In other words, the High Court took the view that at this stage there was no reason for it to discard the various documents relied on by the plaintiff to establish prior user, first by its predecessors and then by itself, on the ground that they were not genuine.

12. Prima facie, it appears to us that the mark "Malikchand" was being used, though not much publicized by the original user, leading to the alleged acquisition of the right to use the mark by the plaintiff. The defendants appears to have started the use of the mark "Manikchand" on a large scale at a subsequent point of time. As noticed by the High Court, both sides had used their respective marks for some time. The litigation arose when the defendants herein approached the High Court of Bombay seeking to prevent the use of the mark "Malikchand" by suing what they thought was the proprietor of the business. It was then that the present plaintiff came forward with the suit seeking an injunction against the user of the mark "Manikchand" by the defendants. To some extent it may be possible to conceive that the present suit by the plaintiff was a counter-blast to the suit filed by the defendants in the High Court of Bombay; but at the same time, the point made by the High Court that the plaintiff probably was apprehensive of its mark being annihilated, and therefore had approached the trial court for relief based on its prior user of the mark. It was in this context that the High Court took the view that the application for interim injunction could not be rejected on the ground of delay

and laches. We also feel, that we cannot completely brush aside the argument of counsel for the plaintiff, that the case of delay and laches has not been properly projected on behalf of the defendants in their pleadings either in the trial court or in the appellate court, though no doubt that aspect has been projected seriously before us by learned counsel for the defendants and to some extent is covered by the pleadings in the written statement."

24) Reliance is also placed on behalf of the appellant on the decision of learned Single Judge of this Court in **Regency Sanitary Ware Pvt. Ltd., Vs. Madhusudan Industries Limited** reported in **2001 PTC 422 (Guj)**, wherein learned Single has held that word CERA is generic name derived from the word 'ceramics' and that trade mark 'Re Cera VITREOUS' adopted by the appellant of that case was found to be visually distinct from the trade mark 'CERA' owned by the plaintiffs. Considering the facts of the case, the High Court vacated the injunction granted by the trial Court.

25) Reliance is also placed by Mr.Patel on the decision of the Delhi High Court in the case of **Premwati Bansal Vs. Shri Ganpati International** reported in **1999 PTC 640**, wherein it has been held that when the plaintiff has not approached the Court with clean hands and when both the parties are concurrently using the trade mark for more than five years, interim injunction should be refused.

26) Reliance is also placed on behalf of the appellants on the decision of Allahabad High Court in **Priya Rubber And Plastic Industries Vs. Bajrangbali Industries** reported in **1995 AIHC 3680**, wherein it has been held that in the matter of action of passing off, burden is on the plaintiff to prove the existence of business reputation or goodwill and

that it is essential to prove whether there is reasonable probability that use of name adopted by defendant is likely to mislead the plaintiff's customers by reason of similarity of two names.

27) Reliance is also placed by learned advocate Mr.Patel on the decision of the Delhi High Court in the case of **Biochem Pharmaceutical Industries Vs. Pharma Synth Formulations Limited**, reported in **2000 PTC 361**. In the said case, Delhi High Court has held that the defendants being the prior adopter are entitled to interim injunction against the plaintiff.

28) Mr.Patel also relied upon the decision of the Delhi High Court in **Bagla & Co., Vs. Bagla Cosmetics** reported in **2000 PTC 355**, wherein it has been held that if family name is part of the trade name and if the members of the same family are using it, interim injunction cannot be granted.

29) Reliance is also placed on the decision of Delhi High Court in the case of **The Gillete Company and Others Vs. A.K.Stationery and Others**, reported in **2001 (21) PTC 513** on the ground that when there is delay, latches and acquiescence on the part of the plaintiff and if false statement is made by the plaintiff in the plaint and if the cause of action is wrongly pleaded, injunction cannot be granted. In paragraph 6 of said judgment, High Court found that the plaintiff has expressly and impliedly consented to use of the mark FLEXGRIP by the defendant, at least, in so far as India is concerned and such conduct of the plaintiff dis-entitles the plaintiff from getting injunction, as the use of the defendant is protected by Section 30 (1) (b).

Reliance is also placed on various judgments of some other Courts

in connection with delay, latches and acquiescence.

30) Reliance is also placed on the decision in **Thakkar Balvantray Purshottamdas Vs. Hasmukhbhai Ugarchand Patel** reported in **35 (2) GLR 1714**, learned Single Judge of this Court has held that there is a distinction between infringement of trade mark and passing off action.

31) Relying upon aforesaid judgments, it is submitted by Mr.Patel that in view of long and undisturbed use on the part of the defendants, the plaintiffs cannot ask for interim injunction as they have allowed the defendants to continue to use word “BHAGAT” as trade name on their product.

32) On the other hand, Mr.Devang Nanavati, learned advocate for the respondents submitted that so far as trade mark nos.536230 and 668188 are concerned, the plaintiffs are praying infringement action against the defendants with regard to those trade marks, as the defendants are dealing in “Dahan Dal” by using similar design and get up of pouch and similar trade name as that of the plaintiffs. He also submitted that so far as trade mark no.1337833 is concerned, the plaintiffs are complaining about passing off action, as the plaintiffs are prior user and the defendants are trying to push up their product by taking advantage of the goodwill of the plaintiffs. It is also submitted by Mr.Nanavati that since the sachets of “Dhana Dal” manufactured by the defendants are identical in get up, colour scheme and design in comparison of the sachets of plaintiff no.1 bearing registration no.536230, the defendants are guilty of infringing said trade mark. He further submitted that the trial Court has used its discretion appropriately while granting injunction in favour of the plaintiffs and it cannot be said that the trial Court has committed an error of law or even of facts. He further submitted that in

an Appeal from Order, this Court would normally not disturb the discretionary order passed by the trial Court unless a case is made out that the trial Court has committed an error of law in granting such injunction or the trial Court has not used its discretion appropriately or the order is passed contrary to the prima facie evidence on record. Mr.Devang Nanavati further submitted that the defendants are trying to push up their product by taking advantage of the goodwill of the plaintiffs' product. He also submitted that the plaintiffs being prior user are entitled to restrain the defendants from carrying on the business in the said trade name. He submitted that the defendants have no fundamental right to do their business by trying to push up their goods in the market by taking advantage of the goodwill of the plaintiffs. He also submitted that, only in October 2006, the defendants have tried to sell their product by using the name “BHAGAT”. It is submitted by him that there is no prima facie evidence even to suggest that the plaintiffs have ever allowed the defendants to continue to sell their product by using the word “BHAGAT”. It is further submitted by him that, after considering the prima facie evidence, the trial Court has granted such injunction and the order of the trial Court is not required to be interfered with by this Court in an appeal under Order 43 of Civil Procedure Code. It is submitted by Mr.Nanavati that since the plaintiffs are prior user of word “BHAGAT”, even if there is delay, the same cannot defeat their case. He submitted that the plaintiffs have a very large business for which he has relied upon Income Tax return. He also submitted that the passing off action is maintainable even against unregistered trade mark and what is important in such circumstances is to see the prior user.

33) Mr.Nanavati has relied upon the decision of the Supreme Court in the case of **N.R.Dongre and others Vs. Whirlpool Corporation and Another** reported in (1996) 5 SCC 714, wherein the Supreme Court has

held that passing off action is maintainable in law even against a registered owner of the trade mark, and, therefore, the fact that defendants have obtained a registration by itself is not sufficient to render the suit not maintainable.

34) Mr.Nanavati has also placed reliance on the decision of the Supreme Court in **Cadila Health Care Limited Vs. Cadila Pharmaceuticals Limited** reported in **(2001) 5 SCC 73** with regard to passing off action. Wherein the Supreme Court has considered the question about deceptive similarity in the matter of passing off action. In paragraph 16 of said judgment, it has been held that the marks must be compared as a whole. It is not right to take a portion of the word and say that because that portion of the word differs from the corresponding portion of the word in the other case there is no sufficient similarity to cause confusion. The true test is whether the totality of the proposed trade mark is such that it is likely to cause deception or confusion or mistake in the minds of persons accustomed to the existing trade mark. In the aforesaid case, in paragraph 17, the Supreme Court has held that in the trade mark matters, it is now necessary to go into the question of 'comparable strength' of the cases of either party, apart from balance of convenience.

35) Reliance is also placed on the decision of the Supreme Court in the case of **Laxmikant V. Patel Vs. Chetanbhai Shah and Another**, reported in (2002) 3 SCC 65, wherein it has been held as under in paragraphs 8, 13 and 14 :

> "8. It is common in trade and business for a trader or a businessman to adopt a name and/or mark under which he would carry on his trade or business. According to Kerly (Law of Trade

Marks and Trade Names, 12thEdition, para 16.49), the name under which a business trades will almost always be a trade mark (or if the business provides services, a service mark, or both). Independently of questions of trade or service mark, however, the name of a business (a trading business or any other) will normally have attached to it a goodwill that the Courts will protect. An action for passing-off will then lie wherever the defendant company's name, or its intended name, is calculated to deceive, and so to divert business from the plaintiff, or to occasion a confusion between the two businesses. If this is not made out there is no case. The ground is not to be limited to the date of the proceedings; the court will have regard to the way in which the business may be carried on in the future, and to its not being carried on precisely as carried on at the date of the proceedings. Where there is probability of confusion in business, an injunction will be granted even though the defendants adopted the name innocently.

13. In an action for passing off it is usual, rather essential, to seek an injunction temporary or ad-interim. The principles for the grant of such injunction are the same as in the case of any other action against injury complained of. The plaintiff must prove a prima facie case, availability of balance of convenience in his favour and his suffering an irreparable injury in the absence of grant of injunction. According to Kerly (Ibid, para 16.16) passing off cases are often cases of deliberate and intentional misrepresentation, but it is well-settled that fraud is not a necessary element of the right of action,and the absence of an intention to deceive is not a defence though proof of fraudulent intention may materially assist a plaintiff in establishing probability of deception. Christopher

Wadlow in Law of Passing Off (1995 Edition, at p. 3.06) states that the plaintiff does not have to prove actual damage in order to succeed in an action for passing off. Likelihood of damage is sufficient. The same learned author states that the defendant's state of mind is wholly irrelevant to the existence of the cause of action for passing off (ibid, paras 4.20 and 7.15). As to how the injunction granted by the Court would shape depends on the facts and circumstances of each case. Where a defendant has imitated or adopted that plaintiff's distinctive trade mark or business name, the order may be an absolute injunction that he would not use or carry on business under that name. (Kerly, ibid, para 16.97).

14. In the present case the plaintiff claims to have been running his business in the name and style of Muktajivan Colour Lab and Studio since 1982. He has produced material enabling a finding being arrived at in that regard. However, the trial Court has found him using Muktajivan as part of his business name at least since 1995. The plaintiff is expanding his business and exploiting the reputation and goodwill associated with Muktajivan in the business of Colour Lab and Photo by expanding the business through his wife and brother-in-law. On or about the date of the institution of the suit the defendant was about to commence or had just commenced an identical business by adopting the word Muktajivan as a part of his business name although till then his business was being run in the name and style of Gokul Studio. The intention of the defendant to make use of the business name of the plaintiff so as to divert his business or customers to himself is apparent. It is not the case of the defendant that he was not aware of the word Muktajivan being the property of the plaintiff or the plaintiff running his business in that name, though such a plea

could only have indicated the innocence of the defendant and yet no difference would have resulted in the matter of grant of relief to the plaintiff because the likelihood of injury to the plaintiff was writ large. It is difficult to subscribe to the logic adopted by the Trial Court, as also the High Court, behind reasoning that the defendants' business was situated at a distance of 4 or 5 kms. from the plaintiff's business and therefore the plaintiff could not have sought for an injunction. In a city a difference of 4 or 5 kms. does not matter much. In the event of the plaintiff having acquired a goodwill as to the quality of services being rendered by him, a resident of Ahmedabad city would not mind travelling a distance of a few kilometers for the purpose of availing a better quality of services. Once a case of passing off is made out the practice is generally to grant a prompt ex parte injunction followed by appointment of local Commissioner, if necessary. In our opinion the trial Court was fully justified in granting the ex parte injunction to the plaintiff based on the material made available by him to the Court. The trial Court fell in error in vacating the injunction and similar error has crept in the order of the High Court. The reasons assigned by the Trial Court as also by the High Court for refusing the relief of injunction to the plaintiff are wholly unsustainable."

36) Reliance is also placed by Mr.Nanavati on the decision of the Supreme Court in **Mahendra & Mahendra Paper Mills Ltd. Vs. Mahindra & Mahindra Limited**, reported in (2002) 2 SCC 147, wherein it has been held as under in paragraph 16 :

"16. This question has been considered by different High Courts and this Court in umpteen cases from time to time. On analysis of

the principles laid down in the decisions, certain recognised parameters relating to the matter have emerged. Without intending to be exhaustive some of the principles which are accepted as well settled may be stated thus: that whether there is a likelihood of deception or confusion arising is a matter for decision by the court, and no witness is entitled to say whether the mark is likely to deceive or to cause confusion ; that all factors which are likely to create or allay deception or confusion must be considered in combination; that broadly speaking, factors creating confusion would be, for example, the nature of the market itself, the class of customers, the extent of the reputation, the trade channels, the existence of any connection in course of trade, and others."

37) Mr.Nanavati has also relied upon the decision of the Supreme Court in the case of **Dhariwal Industries Limited and Another Vs. M.S.S.Food Products** reported in **(2005) 3 SCC 63**, on which reliance is also placed by the appellant. Mr.Nanavati has relied upon paragraph 9 of the said judgment, wherein the Supreme Court has held as under in connection with question of grant of injunction as well as question regarding prior user.

""9. The principles governing the grant of interim injunction are well settled and do not require to be repeated. The interim injunction has been granted in favour of the plaintiff in this case mainly on the finding that there was prior user of the mark 'Malikchand', if not by the plaintiff, by his assignors and the use of the mark 'Manikchand' by the defendants in respect of Pan Masala and Gutakha and Supari commenced only at a later point of time. This prima facie finding of prior user was arrived at by the trial court relying on the deeds of assignments produced by the plaintiff

and some documents and affidavits produced in support of its claim. Some inconsistencies in the claim of the defendants were also referred to. The High Court, in appeal, appreciated that the main contention on behalf of the defendants regarding prior user claimed by the plaintiff was based on a challenge to the assignments relied on by the plaintiff and the documents filed in support. The High Court noticed that the plea was that the entire series of documents were forged or manufactured for the purpose of litigation and hence were not reliable. The High Court felt that a wholesale condemnation of the documents produced by the plaintiff as forged or got up, could not be made at this interlocutory stage and this question seriously raised on behalf of the defendants has to be decided only at the trial. In other words, the High Court took the view that at this stage there was no reason for it to discard the various documents relied on by the plaintiff to establish prior user, first by its predecessors and then by itself, on the ground that they were not genuine."

38) Mr.Nanavati has also relied upon the decision of the Supreme Court in the case of **Ramdev Food Products Pvt. Ltd. Vs. Arvindbhai Rambhai Patel & Others,** reported in 2006 (7) Supreme 224, wherein the Supreme Court has held as under in paragraphs 82 to 84 :

"82. Although, the defendant may not be using the actual trade mark of the plaintiff, the get up of the defendant's goods may be so much like the plaintiff's that a clear case of passing off could be proved. It is also possible that the defendant may be using the plaintiff's mark, the get up of the defendant's goods may be so different from the get up of the plaintiff's goods and the prices also may be so different that there would be no probability of

deception of the public. However, in an infringement action, an injunction would be issued if it is proved that the defendant is improperly using the plaintiff's mark. In an action for infringement where the defendant's trade mark is identical with the plaintiff's mark, the Court will not enquire whether the infringement is such as is likely to deceive or cause confusion. The test, therefore, is as to likelihood of confusion or deception arising from similarity of marks is the same both in infringement and passing off actions. [See Ruston & Hornsby Ltd. v. The Zamindara Engineering Co., (1969) 2 SCC 727]

83. In Parle Products (P) Ltd. v. J.P. And Co., Mysore [(1972) 1 SCC 618], emphasis was laid on the broad and essential features of the impugned mark holding:

> "…. It would be enough if the impugned mark bears such an overall similarity to the registered mark as would be likely to mislead a person usually dealing with one to accept the other if offered to him..."

84. Noticing the similarity of the mark in question with that of the impugned mark, it was opined that "if one was not careful enough to note the peculiar features of the wrapper on the plaintiffs' goods, he might easily mistake the defendants' wrappper for the plaintiffs' if shown to him some time after he had seen the plaintiffs'".

It was further stated :

> "….After all, an ordinary purchaser is not gifted with the powers of observation of a Sherlock Homes. We have

> therefore no doubt that the defendants' wrapper is deceptively similar to the plaintiffs' which was registered. We do not think it necessary to refer to the decisions referred to at the bar as in our view each case will have to be judged on its own features and it would be of no use to note on how many points there was similarity and in how many others there was absence of it."

In paragraph 93 of the said judgment, Supreme Court has held as under with regard to acquiescence :

> "93. Acquiescence is a facet of delay. The principle of acquiescence would apply where: (i) sitting by or allow another to invade the rights and spending money on it; (ii) it is a course of conduct inconsistent with the claim for exclusive rights for trade mark, trade name, etc."

In the instant case, there is nothing on record to show that the plaintiffs allowed the defendants to use trade mark/trade name "BHAGAT" for the purpose of their business. Series of documentary evidence, in fact, suggests that for years together, word "BHAGAT" was not used by the defendants.

39) Mr.Devang Nanavati, learned advocate appearing for original plaintiffs (respondents herein) has also relied upon the decision of learned Single Judge of this Court in **Duncans Agro Industries Ltd., Vs. Somabhai Tea Processors P. Ltd.**, reported in **36 (1) GLR 380,** in order to substantiate his say that in case of prior user injunction should be granted. In paragraph 31 of the said judgment, it is observed as under :

> "The aforesaid judgments clearly show that a trader who first goes to the market with his product under a particular trade mark or trade name as a distinctive mark, gets the proprietory right to use that mark, to the exclusion of others, irrespective of the length of user or extent of his business. As is clear from the judgment rendered by M.P.Thakkar, J. in Appeal from Order No. 84 of 1973, even if the plaintiff's user was only few months prior to that of the defendant, the plaintiff would be entitled to an injunction restraining the defendant from using that mark or a similar mark."

40) I have heard both the learned advocates and I have considered various judgments cited by both the learned advocates.

41) It is required to be noted that as per the case of the plaintiffs, grandfather of the plaintiffs one Somabhai Ishwarbhai Patel had started the business of manufacturing and selling 'Dhana ni Dal' in Gujarat. Late Shri Somabhai had four sons, namely, one Natwarlal Somabhai Bhagat, Premanand Somabhai Bhagat, Navinbhai Somabhai Bhagat and Dahyabhai Somabhai Bhagat. Out of which, Navinbhai Somabhai Bhagat has retired from family business somewhere in the year 1963 and defendant no.2 is the son of said Navinbhai Bhagat. Rest of the brothers along with their sons established a firm, viz., M/s. Bhagat Marketing Corporation, wherein 'Dhana ni Dal' was packed in sachet pouches and sold under a trade name 'BHAGAT'. The plaintiffs have applied for registration of the trade mark 536230 and 668188 in Class 30 on 31st August 1990 and 5th June 1995. As per the prima facie evidence on record, the plaintiffs have incurred large advertisement expenditure from 1991 onwards. The total sales of various products of the plaintiffs have also increased from 1991 onwards. As per the chart at page 5 and 6 of the plaint, aforesaid aspect regarding advertisement expenditure as well

as total sales starting from 1991 is not in dispute. Considering the prima facie evidence on record, it can be presumed that word “BHAGAT” has acquired distinctiveness being closely associated with trading name and trading style of plaintiff no.1 firm. Plaintiffs have also produced xerox copy of the registered trade marks of the plaintiffs bearing no.536230 along with its renewal as well as registration no.668188 with its renewal. Xerox copy of the registered trade mark of the defendants bearing no.1337837 is also produced on record. It has been pointed out to the Court by Mr.V.B.Patel that as per the letter written on behalf of the original plaintiffs to Navinbhai Somabhai Bhagat, dated 25-4-1982, wherein a grievance was made by the plaintiffs that Navinbhai Somabhai Patel (defendant) is putting mark “Supreme Bhagat Dhana ni Dal” and “Supreme Bhagat Variyali” on the bags and a request was made to delete the word 'Bhagat'. Said letter was produced before the trial Court and it is also produced before this Court. Relying upon said letter, it is argued by Mr.V.B.Patel that prima facie, it would show that the defendants are in market since 1982 and the plaintiffs have allowed defendants to continue to do business in said trade name and style, namely, 'Supreme Bhagat Dhana ni Dal' and 'Supreme Bhagat Variyali'.

42) The question which requires consideration is who is the prior user of the word “Bhagat” and whether there is any likelihood that by using said word “Bhagat” the defendants may pass off the goods of the plaintiffs or whether the customers are likely to be deceived by use of the word “Bhagat” and whether the injunction application of the plaintiffs is required to be rejected on the ground of delay and latches or acquiescence.

43) Learned trial Judge has considered the documentary evidence on record for coming to the conclusion that plaintiffs being prior user are

entitled to get interim injunction. Learned trial Judge has relied upon documentary evidence at Exh.33/1, which is an order of the Income Tax Appellate Tribunal to suggest that the defendants have discontinued their business in 1984-1985 as per the assessment order. In paragraph GG and HH of his judgment with regard to prior user, learned trial Judge has observed as under :

> "GG. The documentary evidence produced at mark 23/30 and 23/32, do have mention of Supreme Bhagat but then these documents are of the year 1997 and dateless, as against, the plaintiffs registration in the year 1990. In the document mark 23/31 dated 26.11.96 the customer has mentioned the name of the defendants to be new which speaks that the defendants were not in the market from 1976 or even from 1993 as claimed by the defendants.
>
> HH. Upon perusal of the documentary evidence which all seem to be invoices and produced on record by the defendants vide mark 23/51 to 23/97, there is mention of Supreme Dhana Dal but there is no mention of 'Supreme Bhagat'. In all these documentary evidence from mark 23/60 to 23/97 the word Supreme Dhana Dal is used and not Supreme Bhagat.
>
> To put it in capsullised form : there are rarest of the rare documents revealing the use of the word Bhagat Supreme but in any case it can be hold for sure that there is not a single document produced by the defendants which can be a pointed to show that this word has been sued by the defendant prior to the use of plaintiffs or continuously from 1976 or from 1993 in case of 2 gram pouch.

> Thus, while scanning ground one hundred and forty four documents there is mentioned of Bhagat Supreme hardly in four documents that too of 1998 and 1999. It seems the defendants have not adopted the 'Supreme Bhagat' as their trade name at any point of time. The sparing mention can not create any right in the favour of the defendants and against the plaintiff. While deciding such issues the equity courts look upon the fact with an angle as to which party has a better right and that on viewing the comparative strength qua documentary evidence the plaintiff succeed."

44) Considering the material and evidence on record, the plaintiffs have prima facie established that they are prior users and even if it is assumed that the defendants are in business since 1994, the fact remains that the plaintiffs have started their business since 1990. Chart about the advertisement expenditure and sales produced by the plaintiffs, prima facie, show that the plaintiffs have achieved goodwill in the market and there is nothing to show that they have allowed the defendants to continue the business, on the contrary, letter dated 25-4-1982, prima facie, suggest that the plaintiffs have objected by writing that letter to the defendants that the defendant should not use the word "Bhagat" as it is likely to create confusion. Therefore, this is not a case in which the plaintiffs have agreed or permitted the defendants to continue their business by using the word "Bhagat" in connection with their product. There is nothing to show that the defendants continuously using word "BHAGAT" in their business for all these years. A solitary letter dated 25-4-1982 cannot come to the rescue of the defendants, as there is no material to show that the defendants have continuously used word "BHAGAT" in their business and voluminous documentary evidence on record speaks otherwise.

45) Except putting a particular mark on the bags, which was highly objected by the plaintiffs in the year 1982, there is no other corresponding evidence at all to show that the defendants have continued to do their business althroughout by using word “BHAGAT”, in fact, voluminous documentary evidence suggests otherwise. Trial Court has considered this aspect in detail and in my view, it cannot be said that the trial Court has committed any error of law or facts and once it is found that the defendants are trying to pass off their goods directly or indirectly, normally, interim injunction is required to be granted, in view of the various decisions of the Supreme Court, which are referred herein above.

46) It is the say of the defendants that defendant no.1's father and predecessor-in-title of the trade mark visited the office of advocate of the plaintiffs, Mr.Y.J.Trivedi for applying for registration of said trade mark 'Supreme Bhagat' label in the year 1994 and advocate Mr.Trivedi advised him not to use said label proposed to be applied for registration and he tried to initiate settlement talks in the year 1994 and the advocate of the plaintiffs had asked defendant to meet Shri Premanandbhai, Dahyabhai and Natvarbhai, who are the partners of plaintiff no.1 firm. Accordingly, father of defendant no.1 met said partners and the partners of plaintiff no.1 firm suggested him (defendant no.1's father) that he can continue to use label “BHAGAT” for the States of Uttar Pradesh, Bihar and Rajasthan, which was not accepted by father of defendant no.1. Relying upon this, it is tried to be argued that the business of the defendants is within the knowledge of the plaintiffs, however, even if that be so, it is clear that from the very beginning, the plaintiffs were objecting for the usage of word “BHAGAT” by the defendants. Therefore, it cannot be inferred that the plaintiffs have voluntarily allowed defendants to

continue the business by using word “BHAGAT”. Looking to the evidence on record, it is established that the defendants want to take advantage of the word “BHAGAT” in the matter of selling their product. Prima facie evidence on record clearly suggest that the plaintiffs' product has achieved goodwill in the brand name of its product “Bhagat Dhana ni Dal”.

47) Considering the aforesaid aspect and considering the prima facie evidence, it is clear that the plaintiffs are prior user of trade name “BHAGAT” and a suit in connection with passing off action is maintainable even against registered trade mark owner as, ultimately, the object is to protect the interest of the consumer to see that they are not confused. In a given case, delay itself may not be a sole ground for refusing injunction, if it is found that the plaintiffs have achieved distinctive goodwill and they are prior in market. However, it is true that, no weightage can be given to the say of the defendants before the Income Tax authority that he is not doing business etc., and some other circumstances are also required to be taken into account. Considering the material on record, it is clearly established that the plaintiffs have got two registered trade marks for which they are complaining infringement on the part of the defendants. So far as defendant's registered trade mark no.1337837 is concerned, a rectification application is preferred by the plaintiffs and, prima facie, evidence on record show that the plaintiffs are able to make out their case in connection with passing of with regard to that trade mark.

48) There is an affidavit of Navinbhai Somabhai Patel, which is in the compilation at page 425 before this Court. In the said affidavit, said N.S.Bhagat has stated that he was doing business of selling “Dhana ni Dal” with his father. Thereafter, he retired from family business and

started business in the name of M/s. Bhagat Supreme Dhana Dal by selling the product in small pouches of 250 grams and 500 grams since 1976. Thereafter, in the year 1993, he started business by packing the product in coloured pouch of 2 grams. Though, of course, he has stated in affidavit that he is doing business in the name of "BHAGAT" since 1976 and that in the year 1994, he decided to register said pouch under the trade name "BHAGAT", however, it is required to be noted that there is nothing on record to suggest that the defendant was doing business in the said trade name "BHAGAT" since 1976. It is an admitted fact that he separated from family business and subsequently he started business somewhere in the 1993-1994. Defendants have relied upon certain documentary evidence to show that they are in market since 1976.

49) So far as, defendants having obtained registered trade mark No.1337837 is concerned, it is submitted on behalf of the plaintiffs that they have already preferred a rectification application. It is the case of the plaintiffs that only with a sole object to pass off their goods as that of the plaintiffs, the defendants have got said trade mark registered to take advantage of the goodwill and reputation of the plaintiffs. However, since rectification application is pending, on this aspect, this Court is not required to express any opinion either way. There is nothing on record to show that the plaintiffs have permitted the defendants to use their trade name. Therefore, the basic question is whether it can be said that the defendants have tried to pass off their product as that of the plaintiffs for their business. Even assuming that the defendants were in business since 1994, yet, it can be said that the plaintiffs are prior user as they are in market since 1990. In this connection reference is required to be made to various judgments on the subject.

50) The case of the plaintiffs is that the sachets of "Dhana ni Dal"

manufactured by defendants are identical in get up, colour scheme and design in comparison to the sachets of plaintiff no.1, which is bearing registered trade mark no.536230. So far as outer packing of plaintiff no.1 is concerned, it is also registered bearing registration number 668188 for which the plaintiffs are complaining the infringement, as the defendants have adopted identical outer packing as that of plaintiff no.1. It is true that the defendants had applied for registration of trade mark of its sachet pouches, which has been registered bearing number 1337837, which according to the plaintiffs, is deceptively similar to the plaintiffs' trade mark. It is not in dispute that the plaintiffs have already filed rectification application in connection with said trade mark no.1337837, which is pending before the registering authority. The defendants alleging user of said trade mark from April 1994, however, so far as the aforesaid trade mark number 1337837 is concerned, the same is registered by the authority on 10/2/2005.

51) One of the letter, which is produced by the defendants dated 28-10-1985, which is a copy of the abstract of bill described the product of the defendants as “Supreme Dhana ni Dal” and word “Bhagat” is missing from the same. Though, of course, as pointed out earlier, on 24-5-1982, the plaintiff had written a letter to the defendants stating that seal used on the bags in which the material is packed is “Supreme Bhagat Dhana Dal” or “Supreme Bhagat Variyali” and it may be removed, otherwise, the traders might be in confusion. However, that seems to be in connection with outer bag wherein small pouches are packed.

52) In paragraph 2 of the written statement, defendants have admitted that the small duly printed pouch packing containing 2 gram “Dhana ni Dal” is honestly and bona fidely used since 1993 with brand name “Supreme Bhagat” and that “Supreme Bhagat” brand name is

continuously used since 1976, however, there is no corresponding evidence that “Supreme Bhagat” brand name is used continuously since 1976.

53) There is a letter of the advocate of the plaintiffs at page 295 on record, which is dated 11th March, 2006 advising the plaintiffs to immediately take remedial action before the competent Court for getting injunction against the imitators to protect their interest since the plaintiffs are old and continuous user of the mark 'Bhagat'.

54) As rightly submitted by Mr.Patel, no importance can be attached to the statement made before the Income Tax authority regarding user, however, there is no prima facie evidence to show that the word “BHAGAT” has been used continuously in business since 1976 by the defendants. Prima facie evidence shows that so far as defendants are concerned, initially, they were in market in the name of “Supreme Dhana Dal” and “BHAGAT” word seems to have been added subsequently on sachet pouches. Simply because in the Shop and Establishment Certificate, which is at age 325 in the compilation, name of the firm is mentioned as Bhagat Navinchandra Somabhai, it cannot give an indication that the defendants are doing the business in the name of “Bhagat Supreme Dhana Dal” and the word “Bhagat” was used since 1976. There are some letters from 1994 onwards, wherein word “Supreme Bhagat” is mentioned. One of such letter is dated 7-1-1997, which is at page 328 in the compilation. But there are other documents, at pages 333, 334, 335, 336, which are all documents of 1992 showing the brand name of the defendants as 'Super Dhana ni Dal' wherein word “BHAGAT” is missing. Other voluminous documentary evidence at page 337, 338, 339, 340, 341, 342, are bills of year 1992 wherein the product of the defendant is described either as “Dhana Dal” or as “Super Dhana

Dal" and not "Super Bhagat Dhana ni Dal". Even in one of the bills, which is at page 348, the product of the defendant is described as "Super Dhana ni Dal", where word Bhagat is missing. All these documents, prima facie, suggest that so far as word "BHAGAT" is concerned, the defendants have tried to sell its product by using word "BHAGAT" later in point of time, than user of the said name by the plaintiffs. No satisfactory evidence is produced by the defendants that they are prior user so far as word "BHAGAT" is concerned. There are series of documents, which are finding place upto page 360 showing the product of the defendants either as "Super Dhana ni Dal" or "Supreme Dhana ni Dal" and in all these documents word 'Bhagat' is missing.

55) So far as aspect regarding passing off is concerned, it can be said to be a recurring wrong and such wrong can be prevented at any time. When there is nothing on record to show that the plaintiffs have expressly or impliedly allowed the defendants to continue their business by using word "BHAGAT", the claim of the plaintiffs cannot be thrown on the ground that they have not immediately or promptly applied for injunction. Prima facie evidence suggests that there is a likelihood of deception or confusion, which is required to be considered from the nature of the product, the class of customers, the extent of reputation, as laid down by the Supreme Court in **Mahendra & Mahendra Paper Mills Ltd. Vs. Mahindra & Mahindra Limited** (Supra)**.** The plaintiffs are continuously using word "BHAGAT" in their business and the defendants have failed to prove that continuously said word "BHAGAT" is used by them. Series of documents clearly show that for a long span of many years, the word "BHAGAT" was not even finding place in various bills which are produced on record, that, itself, would show that the defendants have tried to add word "BHAGAT" subsequently on realizing the marketability and goodwill achieved by the plaintiffs in connection

with said brand name. It is prima facie established by the plaintiffs that they are prior user so far as word “BHAGAT” is concerned and it is continuously used by them in their business. In view of various decisions of the Supreme Court and in view of the fact that the plaintiffs have been able to prove that they are prior user, in my view, delay would not come in the way of the plaintiffs and injunction can be granted in their favour. Considering the aforesaid aspect, argument about acquiescence or delay cannot be placed into service by the defendants in the present case, as wrong can be prevented at any time. Learned trial Judge has considered the question about prior user as well as documentary evidence in detail in paragraphs GG and HH.

56) Considering the aforesaid aspect of the matter and the case laws on the subject, in my view, the order of injunction granted by the trial Court restraining the defendants from using the word “BHAGAT” in its business is not required to be interfered with, especially, when the voluminous documentary evidence, prima facie, suggests that the plaintiffs are the prior user so far as word “BHAGAT” is concerned. It is also clear from above discussion that, initially, the defendants have started their business in the name of Super Dhana Dal or Supreme Dhana Dal and subsequently, they have tried to incorporate word “Bhagat” in their business. Prima facie, evidence regarding advertisement expenditure and the sell of the product of the plaintiffs is much more higher than that of the defendants. Not only that, on the basis of some documents even if it can be presumed that the defendants are using the word “BHAGAT” since 1994, then also it can be said the plaintiffs are prior user.

57) Considering the aforesaid aspect of the matter, prima facie, it appears that the defendants wanted to market their product by taking

advantage of the word “BHAGAT”. So far as passing off action is concerned, there is nothing on record to show that the plaintiffs have permitted the defendants to use the said name either expressly or impliedly. On the contrary, some of the documents suggest that the plaintiffs had asked the defendants to stop the use of word “BHAGAT”. Considering the aforesaid aspect, it seems that the defendants want to take advantage of the goodwill achieved by the plaintiffs regarding their product and looking to the nature of the customers, there are all chances that such customers may be misguided.

58) Considering the aforesaid aspect of the matter, in my view, it seems that the defendants are taking advantage of the goodwill and reputation achieved by the plaintiffs by using the word “BHAGAT” , therefore, the injunction granted by the trial Court during the pendency of the suit is required to be confirmed. The defendants can very well continue the business in any other manner, except using the word “BHAGAT” as documentary evidence on record suggests that for a long period of time, the defendants continued to do their business by using the word “Super Dhana Dal” or “Supreme Dhana Dal”.

59) It is alternatively submitted by Mr.R.R.Shah, learned advocate for the appellants that the defendants may be permitted to clear up existing material as per Court Commissioner's report so that the defendants may not be put to any monetary loss.

60) On the other hand, Mr.Nanavati has objected to said proposition and submitted that the trial Court has granted injunction in that behalf also.

61) Considering the fact that plaintiffs and defendants are family

members and considering the fact that, initially, the trial Court had granted injunction without notice to the defendants and since it is the case of the defendants that, the defendants were using word “BHAGAT” in their business for quite some time, in my view, while confirming injunction of the trial Court by restraining the defendants from using the word “BHAGAT” in its business, service, goods, products including all types of “Dhana ni Dal” and allied products falling under the Trade Marks Act, the defendants are permitted to clear up existing material with a clear understanding that, thereafter, they will not carry out their business by using the word “BHAGAT” as a trade name. Existing material is already quantified in the Court Commissioner's report, as Court Commissioner was appointed by the trial Court and particulars of the existing material are already recorded by the Court Commissioner. The defendants are permitted to clear up the existing material, on a condition that they shall file an undertaking before the trial Court within a period of one week from today to the effect that they will clear up the existing material latest by 28th February, 2007 as per the Court Commissioner's report and they will abide by the final decision of the Court in connection with existing material, which is permitted to be cleared up by this order, and they will maintain true and correct accounts and records in connection with the said material. If such undertaking is not filed within one week from today, the order of the trial Court shall remain operative with regard to the existing material. It will be open to the plaintiffs to claim damages in connection with such existing material, which is permitted to be cleared up by this order, if, ultimately, they succeed in the suit.

62) In view of above, the order of the trial Court granting injunction only with regard to prayer 18 (C) of the application is modified and rest of the order of injunction granted by the trial Court is confirmed.

Accordingly, this appeal is partly allowed to the limited extent as indicated herein above with no order as to costs.

63) In view of above order of main appeal, no order on Civil Application No.13728 of 2006.

64) Considering the fact that this is an unfortunate family dispute and being a commercial litigation, the trial Court is directed to expedite the suit and to dispose of the suit by 31st December, 2007. While deciding the suit, observations made in this order may be treated to be tentative in nature and suit may be decided as per the evidence on record.

(P.B.Majmudar, J.)

/malek